

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 ISO-00
L-03 FRB-03 OMB-01 ITC-01 SP-02 ICA-11 AGRE-00
AID-05 CIAE-00 COME-00 INR-10 IO-13 LAB-04
NSAE-00 OIC-02 SIL-01 STR-07 TRSE-00 CEA-01 SS-15
PA-01 JUSE-00 /141 W
-----048075 171935Z /42

P R 171750Z APR 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 5199
INFO AMEMBASSY PARIS
AMEMBASSY BRUSSELS
AMEMBASSY KUALA LUMPUR
AMEMBASSY CANBERRA
AMEMBASSY WELLINGTON
AMEMBASSY KINGSTON
AMEMBASSY NEW DELHI
AMEMBASSY BONN
AMEMBASSY LUSAKA
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 05976

USOECD

USEEC

E.O. 11652: GDS
TAGS: ETRD, UNCTAD
SUBJECT: COMMONWEALTH MINISTERIAL MEETING ON THE
COMMON FUND

REF: (A) LONDON 5393; (B) PARIS 11667 (NOTAL)

1. ON APRIL 17 WE DISCUSSED THE APRIL 13-14 COMMONWEALTH
MINISTERIAL ON THE COMMON FUND WITH NIQEL BRECKNALL OF
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THE DEPARTMENT OF TRADE.

2. BRECKNALL SAID THAT IT HAD BEEN A TOUGH MEETING WITH
BRITAIN IN A SMALL MINORITY, BACKED TOTALLY ONLY BY
CANADA. AUSTRALIA GAVE THE APPEARANCE OF BACKING THE
LDC SIDE (THOUGH THIS MASKED ITS QUALIFIED POSITION ON
DIRECT CONTRIBUTIONS) AND NEW ZEALAND SOFTENED ITS

POSITION ON THE SECOND MAIN ISSUE, OTHER MEASURES. BY THE END OF THE FIRST DAY IT WAS APPARENT THAT UNLESS THE LDCS (WHO WERE MOUTHING G-77 POSITIONS) WERE PLACATED BY AT LEAST SOME COMMUNIQUE LANGUAGE, THE MEETING WOULD BREAK UP NOISILY. BRECKNALL HINTED THAT THE FCO ARGUED AGAINST LETTING SUCH AN INTRA-COMMONWEALTH DISPUTE OCCUR. THE SECOND DAY WAS THEREFORE OCCUPIED BY DRAFTING MEETINGS, WINDING UP WITH A SESSION ATTENDED BY A SELECTED GROUP OF MINISTERS, INCLUDING TRADE SECRETARY DELL. THE RESULT WAS COMMUNIQUE (TEXT BY SEPTTEL TO MOST ADDRESSEES OF THIS MESSAGE) WHICH LONDON NEWSPAPERS, AND EVIDENTLY SOME LDCS, HAVE SEEN AS REPRESENTING A SHIFT OF BRITISH POSITIONS - AN INTERPRETATION BRECKNALL REJECTS.

3. THE TWO CONTROVERSIAL COMMUNIQUE PARAGRAPHS ARE 5 AND 6. PARAGRAPH 5 STATES, INTER ALIA, THAT "MINISTERS RECOGNIZED THAT THERE WAS NOW GREATER WILLINGNESS TO CONSIDER FAVOURABLY AT THE APPROPRIATE STAGE IN THE UNCTAD NEGOTIATIONS PROPOSALS BOTH FOR DIRECT GOVERNMENT CONTRIBUTIONS TO THE FUND'S CAPITAL AND ALSO DEPOSITS BY ICAS AND BORROWING...." PARAGRAPH 6 STATES IN PART THAT "MEASURES OTHER THAN BUFFER STOCKING PLAYED AN ESSENTIAL PART IN THE IMPLEMENTATION OF THE INTEGRATED PROGRAMME FOR COMMODITIES. MINISTERS ACCEPTED THE POSSIBILITY OF A FINANCIAL ROLE FOR THE COMMON FUND IN THIS AREA...." CONFIDENTIAL

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4. WE TOLD BRECKNALL THAT, IN THE LIGHT OF THE OECD DISCUSSIONS REPORTED IN REF B, BRITISH ACQUIESCENCE IN PARA 6 WAS NOT TOO SURPRISING. HOWEVER, PARAGRAPH 5 COULD BE SEIZED ON BY LDCS AS REPRESENTING BRITISH AGREEMENT TO DIRECT CONTRIBUTIONS TO THE COMMON FUND.

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P R 171750Z APR 78
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5. BRECKNALL AGREED THAT SUCH AN INTERPRETATION MIGHT BE ARGUED BY THE LDCS, AND SAID THE LANGUAGE WAS FAR FROM WHAT THE BRITISH DESIRED. HOWEVER, THE BRITISH GOVERNMENT WOULD ARGUE THAT THIS PARAGRAPH DOES NOT REPRESENT ANY COMMITMENT BY IT TO DIRECT CONTRIBUTIONS. FURTHERMORE, HE CITED SOME OF THE LANGUAGE OF PARA 5 AS HELPFUL, SUCH AS THE REFERENCE TO AN "APPROPRIATE STAGE" FOR DIRECT CONTRIBUTIONS, AND PARTICULARLY THE NEXT SENTENCE, WHICH SAYS THE "PRECISE MIX OF SOME OR ALL OF THESE ELEMENTS WOULD BE A MATTER FOR NEGOTIATION."
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6. PARAGRAPH 6 IS BROADLY THE UK TEXT. BUT EVEN IT, BRECKNALL SAYS, IS NOT A COMMITMENT IN PRINCIPLE TO A SECOND WINDOW BUT A HINT THAT ON CERTAIN CONDITIONS THE UK WOULD BE PREPARED TO BE FLEXIBLE.

7. THE MEETING PRODUCED NO USEFUL DISCUSSION OF THE ORGANIZATION, MANAGEMENT, AND VOTING STRUCTURE OF THE FUND. AND, WHILE COMMONWEALTH SECRETARY GENERAL RAMPHAL SUGGESTED THAT THE NEGOTIATIONS ON THE COMMON FUND COULD BE RESUMED IN JULY, THERE WAS NO AGREEMENT ON THIS.

8. COMMENT. BRECKNALL SAYS THE BRITISH GOVERNMENT WILL TRY TO REPRESENT THE COMMONWEALTH MEETING AS A

SUCCESS IN THAT IT SHOWED THAT DCS AND LDCS CAN DISCUSS THE COMMON FUND AND THEN AGREE ON SOMETHING. BUT THE UK WILL ALSO, EVIDENTLY, HAVE TO ARGUE HARD FOR ITS OWN INTERPRETATION OF THE AGREED LANGUAGE ON DIRECT CONTRIBUTIONS. HE ALSO ADMITS THAT THE LDCS DISPLAYED LITTLE FLEXIBILITY. PERHAPS THE REAL BRITISH TRIUMPH WAS TO AVOID THE SCHEDULING OF ANOTHER SUCH MEETING.

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